

U.S. sugar policy . . . Mexican border bottlenecks . . . E-commerce on the farm . . . Manure management

On the Upswing: Online Buying & Selling by Farmers

Increasing numbers of farmers and ranchers are doing business over the Internet. Over 600,000 U.S. farms and ranches accessed the Internet in 1999, with 15 percent conducting e-commerce transactions, based on new data from USDA. Of these, over 40 percent reported purchasing crop inputs online in 1999, about one-third reported purchasing livestock inputs, and a quarter reported selling livestock.

U.S. Soybean Stocks to Build

USDA forecasts a record U.S. soybean crop in 2000, based on record-high acreage and relatively high yields. Despite the liberal supply expansion, U.S. soybean exports in 2000/01 are projected to rise only slightly, primarily because of larger harvests in China (a major importer) and in Brazil and Argentina (major export competitors), as well as shrinking imports by the European Union. With U.S. soybean demand expected to lag supply growth, ending stocks in 2000/01 are projected to swell, and the U.S. farm price of soybeans is expected to average \$3.90–\$4.80 per bushel in 2000/01, a drop from \$4.65 in 1999/2000. Thus marketing loan benefits will continue to be important for soybean producers.

U.S. Sugar Policy: Sticky Issues

Rising domestic sugar production as well as prospects for higher imports are testing the government's ability to prevent sugar prices from dipping below support levels. In June, USDA entered the sugar market for the first time since 1986, purchasing 132,000 tons of refined sugar at a cost of \$54 million. With this move, USDA projected savings of as much as \$6 million in administrative costs that the government might otherwise incur from expected sugar program loan forfeitures. With domestic sugar production plus imports exceeding domestic consumption in the foreseeable future, it will be difficult to keep prices above support levels without reducing output through a domestic supply control program or incurring large Treasury costs. On August 17, USDA



announced a 2-week signup period for the Sugar Payment-In-Kind (PIK) Program, which offers sugar beet producers the option of diverting a portion of this year's crop from production in exchange for government-held sugar.

U.S.-Mexico Trade Faces Border Bottlenecks

The high volume of traffic at U.S.-Mexico border crossings reflects the dynamic and fast-growing trade relationship between the U.S. and Mexico. But rising agricultural and other trade between the two countries has led to congestion and, in some instances, to costly delays at the border. A major source of delay is a multi-step process for transferring cargo, because long-haul trucks destined for the interior of the U.S. or Mexico are not allowed to travel beyond a border zone. A broad spectrum of incremental measures—e.g., enhancement of physical facilities/infrastructure at crossing points and use of new technologies for checking cargo—is advancing the efficiency of the U.S.-Mexico transportation system. Freer truck access and the upgrading of Mexico's rail system are key factors in future growth in U.S.-Mexico food and agricultural trade.

Confined Animal Production Poses Manure Management Problems

Livestock and poultry manure applied to farmland provide a valuable source of organic nutrients, but nitrogen and phosphorus from manure in excess of the farm's crop requirements can compromise water quality. Many confined animal operations are unable to utilize all manure nutrients produced on the farm—i.e., apply the animal waste to crops on land under their control.

For areas with excess manure, initiatives to encourage land application on other farms or to provide incentives for alternative manure treatment strategies may be necessary. USDA's Environmental Quality Incentives Program (EQIP), for example, provides technical, educational, and financial assistance to farmers and ranchers for adopting practices that protect or enhance environmental quality.

Environmental Regulation & Location of Hog Production

Increasing concentration of hog production and manure waste in certain areas of the U.S. has heightened interest in the potential links between stringency of environmental regulation and location of animal production. Policies regulating environmental pollution from confined animal farming may vary geographically, partly because Federal water policy laws allow states to have authority and flexibility to design and implement their own environmental laws.

Costs associated with environmental regulation compliance may be a consideration in choosing a business location. Producers may respond to existing or impending costs of regulation by exiting the industry or changing the scale and/or location of production. Hog production has expanded in recent years in areas in the South and in nontraditional areas of the West, prompting speculation that large operations moved to those areas because of possibly less stringent environmental regulations.